



Republican Policy Committee

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Protecting Student Financial Aid

In addition to preserving and protecting the integrity of the student loan system, the majority party continues to support other student aid programs. Federal spending on student loans is "mandatory" spending; changes to the student loan program are included in the Balanced Budget Reconciliation Act of 1995. Federal spending on other student aid, including the following programs, is discretionary. Funding for these programs is included in H.R. 2127, the FY96 Labor/HHS appropriations bill and is **not** affected by the reconciliation bill.

- **Pell grant awards** are funded at \$6.115 billion in order to enable every eligible student to receive an award.
 - This funding amount, when coupled with carryover funding from FY95 of \$715 million, and additional program changes, will raise the maximum Pell grant to \$2,440, the highest level in the program's history; this is an increase of \$100 over the maximum grant for 1995.
 - The "cap" of 3,768,000 recipients for the 1995-1996 award year will not deny an award to any eligible student; it is simply a budgeting tool that must be used in order for CBO to score the program.
 - The cap does not apply to the 1996-1997 award year.
 - The multi-billion dollar difference between the Administration's budget request and the Senate appropriations is a reflection of fact that the Administration's budget request encompassed a restructured Pell grant program and a new Skill grant program dubbed the "GI Bill for America's Workers," while the Committee's appropriation included only the traditional Pell grant program.
 - The Senate Appropriations Committee bill does not eliminate assistance to students who currently qualify for grants of less than \$600.
 - The Senate bill does not eliminate the transition bump under which students who, prior to 1992, qualified for \$200 to \$400 in Pell grants and now receive the minimum award of \$400.

- **College work-study programs** are fully funded at the current level of \$616.5 million under the Senate bill, the same level as the Administration's budget request.
 - **Supplemental education opportunity grants**, which provide funds to postsecondary institutions for need-based grants to undergraduate students, are fully funded at the current level of \$583.4 million under the Senate bill, the same level as the Administration's budget request.
 - **TRIO programs**, which benefit minorities and disadvantaged students, are fully funded at their current level of \$463 million, the same level as the Administration's budget request.
 - **Historically black undergraduate and graduate institutions' programs** are fully funded at their current level of \$128.6 million, the same level as the Administration's budget request.
 - **Perkins loans capital contributions** are funded at \$100 million in order to maintain the current loan volume level of the \$6 billion, self-perpetuating, revolving fund.
 - **State student incentive grants** are funded at \$31.4 million, the same level as the Administration's budget request.
- This spending level, while less than half of the 1995 appropriation, reflects the Administration's and the Committee's view that the goal of the program, to encourage state-supported financial aid, has been achieved through providing federal matching funds.
 - As a result, the Committee has agreed with the Administration's plan for a 2-year phase-out of this program.

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